

**LEGISLATIVE SERVICES AGENCY  
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House  
(317) 232-9855

**FISCAL IMPACT STATEMENT**

**LS 6935**

**BILL NUMBER: SB 356**

**DATE PREPARED:** Jan 1, 1999

**BILL AMENDED:**

**SUBJECT:** Quarterly payments by retired taxpayers.

**FISCAL ANALYST:** Jim Mundt

**PHONE NUMBER:** 232-9858

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
FEDERAL

**IMPACT:** State

**Summary of Legislation:** This bill exempts from the requirement of declaring and paying estimated tax retired persons who are at least age 65 and whose sole source of income is retirement income.

**Effective Date:** January 1, 2000.

**Explanation of State Expenditures:**

**Explanation of State Revenues:** This bill would have no impact on the amount of annual liability for adjusted gross income tax. It could impact the timing of revenue received by the state. As a result, the state would lose some interest which is currently earned on the quarterly payments.

Individuals who are 65 or over and have been reporting and remitting income tax on retirement income through estimated returns filed quarterly would be allowed to pay their entire annual liability at the time they file their annual return. Those who have not been reporting and remitting with estimated returns would not be affected by this bill.

Assuming that all individuals impacted by this bill have been reporting on a quarterly basis, the amount of annual lost interest to the state would be about \$4 M. This amount was determined assuming that the total annual revenue received by the state from retirement income is \$160 M, with 75% of that amount paid by individuals over 65 with retirement income as their sole source of income and the state earning 5% per year in interest. The actual impact would be substantially less than the \$4 M because many retired persons over the age of 65 with their sole source of income being retirement income currently are not filing quarterly returns. During FY 2000, the first year of impact, the maximum impact would only be about \$360,000 because only two payments (due April 15 and June 15) would be affected.

**Explanation of Local Expenditures:**

**Explanation of Local Revenues:**

**State Agencies Affected:** Department of State Revenue.

**Local Agencies Affected:**

**Information Sources:** Department of State Revenue.